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(U) CHINA: LOOKING TO THE US FOR NEW S&T MODEL

(C/NF) Summary

China's science and technology leadership is planning to introduce the same sort of incentive-oriented policies to research that are now being put into effect in agriculture and industry. In the process, they hope to improve the application of research results to production problems.

With the strong backing of top political leaders, the State Science and Technology Commission (SSTC) and the Chinese Academy of Sciences (CAS), are leading the effort.

(C/NF) Changing Incentives

The Chinese effort to improve the planning and incentive system in the R&D sector involves what the Chinese are calling the "commercialization" of technology. "Ivory tower" researchers are being encouraged to sign consulting contracts with enterprises and to combine in partnerships or collective consulting corporations to apply their expertise in the factory.

Unleashing individual researchers to make money--and serve society--in their spare time is much easier, however, than persuading institutes to change their approach. Traditionally, Chinese research institutes have operated narrowly within their bureaucratic hierarchy, doing research only for their parent unit, with much of the work of university researchers and institutes under the CAS

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or SSTC divorced from practical issues. [redacted]

Reportedly, two of China's premier scientific and engineering universities--Qinghua and Jiaotong--already derive research budgets from contracts. P (b)(1)

To promote the successful implementation of the "commercialization" of technology, more mobility of scientists and other skilled personnel will be encouraged. In theory, institute heads will be given more authority, including the right to hire employees on the basis of professional and technical examinations; sign them to fixed-term, renewable contracts; and release them for incompetence. Personnel mobility, however, has its costs. Aside from possible loss of continuity in research, there is evidence that the search for technical cadres for promotion to government and party administrative posts is drawing skilled researchers and engineers away from their laboratories and classrooms.

(C/NF) The Chinese Academy of Sciences: Seeking a US Model?

Even the CAS, the bastion of ivory-tower basic research, may be shaken up. [redacted] the Academy [redacted] P (b)(1)

[redacted] will soon oversee the divestiture of as many as half of these institutes--mostly those working on applied research--turning them over to universities and ministries. The remaining institutes will be streamlined, with some of their technical personnel transferred to teach in universities. Although the Chinese maintain that basic research will not suffer, it seems clear that attention will be shifted dramatically toward applied engineering and technology.

CAS interest in reform will also involve the adoption of a "peer review" system for research funding similar to the "national

CAS. [redacted] was also said to be impressed with other aspects of US R&D management, including the role of universities and the relationship of US science and engineering research to industry. The CAS is now studying the US "academy complex" made up of the National Academy of Sciences, the National Academy of Engineering, the Institute of Medicine, and the National Research Council--along with the P (b)(1)

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committee system by which the academies commission ad hoc studies and advisory papers.

In a first step toward adopting some of these mechanisms, the CAS annual meeting announced on January 5 that 17 percent of its

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The US, however, is not the only model being examined. China's S&T hierarchy is studying Japanese management techniques, quality control, and information management systems, including an expansion of information-sharing mechanisms. They are also reportedly taking a close look at the Hungarian system through which a researcher who comes up with a marketable product can form a new, "private" company, take a leave of absence from his institute in order to develop and market his product, and retain profits from the sale of the product.

The Politics of S&T Reform

(C/NF) The program for reforming China's S&T/R&D sector enjoys support at the highest political levels, reportedly including Premier Zhao Ziyang and likely both Hu Yaobang and Deng Xiaoping whose personal interest in science and education is well known. Zhao personally heads the Science and Technology Leading Group of the State Council, made up of top government science and educational officials. The Leading Group directly supervises plans for S&T reorganization and drafting of regulations for R&D contracting and is playing a key role in developing the "science fund" concept.

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